



Unity News



Official Publication of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial & Service Workers International Union
Local 2-209, representing Workers at Harley-Davidson Motor Company

UNION MADE * MILWAUKEE IRON * UNION MADE * MILWAUKEE IRON July 2011 UNION MADE * MILWAUKEE IRON * UNION MADE * MILWAUKEE IRON



Wisconsin State AFL-CIO Endorsed Candidates in Recall Elections

- Jennifer Shilling – 32nd Sen. Dist
- Dave Hansen – 30th Sen. Dist.
- Robert Wirch – 22nd Sen. Dist.
- Jessica King – 18th Dist.
- Fred Clark – 14th Sen. Dist.
- Jim Holperin – 12th Sen. Dist.
- Shelly Moore – 10th Sen. Dist.
- Sandy Pasch – 8th Sen. Dist.
- Nancy Nusbaum – 2nd Sen. Dist..

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Biz Beat: Budget serves up tax break for wealthiest Wisconsinites

By MIKE IVEY | The Capital Times | June 24, 2011
Progressives have found precious little to like in the 2011-2013 budget Gov. Scott Walker will sign into law Sunday at a ceremony in Green Bay.

But perhaps the most regressive item is a new tax loophole — disguised as an economic development tool — that is projected to cost the state hundreds of millions in lost revenue over the next decade.

Walker's budget creates two new provisions to provide income tax shelter for capital gains — or profits made from an

investment like stocks, bonds, real estate or precious metals.

Right now, Wisconsin exempts 30 percent of capital gains on assets held at least one year and allows 100 percent exclusion for gains on the sale of business assets to a family member or sale of small business stock.

But the new budget makes all capital gains free from state income tax as long as the money is reinvested in a qualified Wisconsin business for at least five years. A separate provision allows taxpayers to defer any tax on capital gains if they reinvest the profits within 180 days to a Wisconsin business. Tax on the deferred gain would be paid when the new investment is sold.

At first blush, it sounds like a good way to encourage investment in state-based companies. Grow your own, so to speak.

In reality, however, it's a tax accountant's dream and a nice loophole for upper income residents, says Andrew Reschovsky, professor of public affairs and applied economics at UW-Madison.

"The benefits of this provision will almost certainly be concentrated among the wealthy," he says.

That's because the wealthy also book the big capital gains. According to this Legislative Fiscal Bureau report, taxpayers with incomes over \$150,000 represented only 10 percent of 2009 state tax filers but claimed 52 percent of the capital gains exclusions.

For the vast majority of taxpayers, the only real capital gain in their lifetime comes from the sale of a house — and that gain is already exempt from state and federal taxes up to \$250,000.

But an investor in Mequon, for example, with \$100,000 in taxable gains from the sale of a bond or gold could avoid

paying state tax by buying stock in any company that registers with the new Wisconsin Economic Development Corporation.

"Will my purchase of shares in, say, Harley Davidson, have any positive impact on job creation in Wisconsin?" asks Reschovsky. "In the case of publically-traded stocks, the answer is almost certainly no."

"I call my broker and ask to purchase 1,000 shares. Those shares are in effect purchased from someone else who is willing to sell 1,000 shares. This transaction and those like it will have no impact on the operation of Harley Davidson, and will certainly not lead Harley to increase job creation in Wisconsin," he argues.

And the loophole isn't without financial consequences.

The Legislative Fiscal Bureau estimates the new exemptions will reduce revenues by \$16.1 million in 2011-12 and \$20.2 million in 2012-13. Once fully phased in by 2016, tax collections would fall by over \$100 million annually, the bureau estimates.

Others have expressed skepticism whether the elimination of taxes on capital gains will make investments in Wisconsin any more attractive. Moreover, the provision does nothing to attract outside money since non-Wisconsin residents don't pay capital gains taxes here to begin with.

Legislative Fiscal Bureau analyst Rick Olin says the long-term impacts are unclear. "This thing is kind of like Jello," he says. "You're not sure what you have."

What's also unclear is whether directors of a public corporation could use the new capital gains provision to purchase shares of their own firm or shelter other income. Leave that one up to the tax attorneys.

Still, Todd Berry, president of the Wisconsin Taxpayers Alliance, says the proposals just might make some economic sense.

"I don't think this issue is quite as black and white as some suggest," he says. "Is there value in having more locally generated investment capital? Is there value in increasing the probability of retaining our 'best and brightest'? I understand the Harley example but might there even be value in having in-state investors increasing their say in in-state corporate decisions."

Mike Ivey writes on all matters money in the spirit of Capital Times founder William T. Evjue, who believed that the concentration of wealth in the U.S. is not healthy for the Democracy. He's a seven-time First Award winner with the Wisconsin Newspaper Association.

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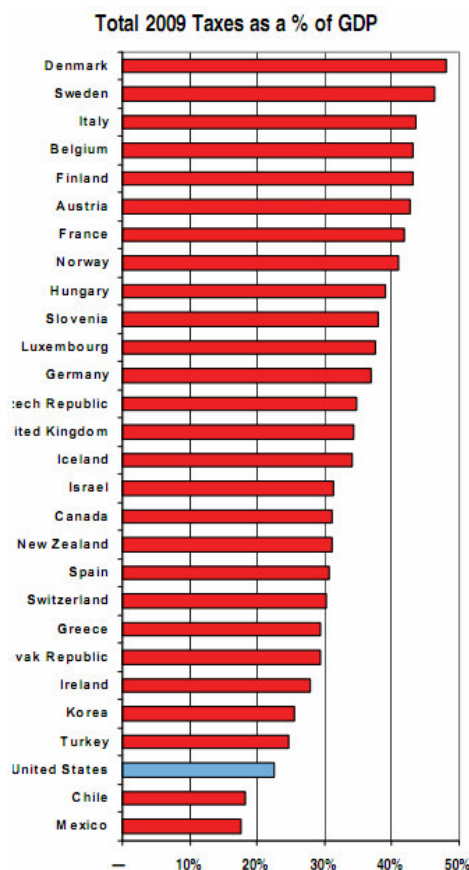
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GRAPH: Contrary To GOP Claims, U.S. Has Second Lowest Corporate Taxes In The Developed World

By Marie Diamond
ThinkProgress.org Reporter

During negotiations regarding raising the nation's debt limit, congressional Republicans have defended tax loopholes for corporations, claiming that America has a high corporate tax rate that is stifling economic growth and job creation. But the Center for Tax Justice (CTJ) has crunched the most recent data from the Organization for Economic Cooperation and Development (OECD), the Office of Management and Budget, and the Census Bureau, and finds that "the U.S. is already one of the least taxed countries for corporations in the developed world."

As a share of GDP, the U.S. had the second lowest tax rate, behind only Iceland. This statistic flips on its head the often-repeated Republican charge that America has the second highest corporate tax rate in the world (which is only true on paper). In 2009, U.S. corporate taxes had fallen to only 1.3 percent of GDP, from 4 percent in 1965.



Conservatives love to point out that other OECD countries have lowered their corporate tax rates in recent years, but they

conveniently ignore that "these countries have also closed corporate tax loopholes while the U.S. has expanded them." As CAP Director for Tax and Budget Policy Michael Linden has noted, the U.S. is actually a very low-tax country across the board.

Recently, conservative commentator Bill Kristol chastised his own party for pretending that lowering the corporate tax rate is a cure-all for America's economic woes. On Fox News Sunday, he interrupted a panelist who again tried to assert the U.S. is suffering from a high corporate tax rate: "Republicans are making a mistake if they focus on big businesses and corporate tax rates. Corporations have a ton of cash. The corporate tax rate is not killing big business in America."

The GOP presidential candidates have almost uniformly introduced proposals to radically lower the U.S. corporate tax rate. For instance, former Minnesota Gov. Tim Pawlenty (R-MN) wants to reduce the corporate tax rate to 15 percent and eliminate all taxes on capital gains, dividends, interest income and inheritance. CTJ put the issue succinctly in a tweet this morning: "Dear US Corporations: You pay 2nd LOWEST tax rate in industrial world, so quit whining or move to Iceland."

This material [article] was created by the Center for American Progress Action Fund. This entry originally appeared at thinkprogress.org.

Marie Diamond is a reporter/blogger for ThinkProgress.org. She hails from the great metropolis of Temple, TX. She holds a B.A. in political science from Yale and was a Yale Journalism Scholar. Before joining ThinkProgress, she worked at West Wing Writers, a speechwriting and communications firm. She has also interned for The American Prospect and Sen. Dianne Feinstein, and has done development work in South Africa and Kazakhstan.

NHODEHAJ

Why the Republican War on Workers' Rights Undermines the American Economy

By Robert Reich

The battle has resumed in Wisconsin. The state supreme court has allowed Governor Scott Walker to strip bargaining rights from state workers.

Meanwhile, governors and legislators in New Hampshire and Missouri are attacking private unions, seeking to make the states so-called "open shop" where workers can get all the benefits of being union members without paying union dues.

Needless to say this ploy undermines the capacity of unions to do much of anything. Other Republican governors and legislatures are following suit.

Republicans in Congress are taking aim at the National Labor Relations Board, which issued a relatively minor proposed rule change allowing workers to vote on whether to unionize soon after a union has been proposed, rather than allowing employers to delay the vote for years. Many employers have used the delaying tactics to retaliate against workers who try to organize, and intimidate others into rejecting a union.

This war on workers' rights is an assault on the middle class, and it is undermining the American economy.

The American economy can't get out of neutral until American workers have more money in their pockets to buy what they produce. And unions are the best way to give them the bargaining power to get better pay.

For three decades after World War II - I call it the "Great Prosperity" -- wages rose in tandem with productivity. Americans shared the gains of growth, and had enough money to buy what they produced.

That's largely due to the role of labor unions. In 1955, over a third of American workers in the private sector were unionized. Today, fewer than 7 percent are.

With the decline of unions came the stagnation of American wages. More and more of the total income and wealth of America has gone to the very top. Middle-class purchasing power depended on mothers going into paid work, everyone working longer hours, and, finally, the middle class going deep into debt, using their homes as collateral.

But now all these coping mechanisms are exhausted -- and we're living with the consequence.

Some say the Great Prosperity was an anomaly. America's major competitors lay in ruins. We had the world to ourselves. According to this view, there's no going back.

But this view is wrong. If you want to see the same basic bargain we had then, take a look at Germany now.

Germany is growing much faster than the United States. Its unemployment rate is now only 6.1 percent (we're now at 9.1 percent).

What's Germany's secret? In sharp contrast to the decades of stagnant wages in America, real average hourly pay has risen

almost 30 percent there since 1985.

Germany has been investing substantially in education and infrastructure.

How did German workers do it? A big part of the story is German labor unions are still powerful enough to insist that German workers get their fair share of the economy's gains.

That's why pay at the top in Germany hasn't risen any faster than pay in the middle. As David Leonhardt reported in the New York Times recently, the top 1 percent of German households earns about 11 percent of all income - a percent that hasn't changed in four decades.

Contrast this with the United States, where the top 1 percent went from getting 9 percent of total income in the late 1970s to more than 20 percent today.

The only way back toward sustained growth and prosperity in the United States is to remake the basic bargain linking pay to productivity. This would give the American middle class the purchasing power they need to keep the economy going.

Part of the answer is, as in Germany, stronger labor unions -- unions strong enough to demand a fair share of the gains from productivity growth.

The current Republican assault on workers' rights continues a thirty-year war on American workers' wages. That long-term war has finally taken its toll on the American economy.

It's time to fight back.

Robert Reich is the author of *Aftershock: The Next Economy and America's Future*, now in bookstores. This post originally appeared at RobertReich.org.

Chancellor's Professor of Public Policy, University of California at Berkeley; Author, 'Aftershock'

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Here's What Democracy, Economically, Looks Like

By Sam Pizzigati
Editor, Too Much

The spotlight may be gone, but Egypt's revolutionaries are still making history, with a spirited campaign for a 'maximum wage.'

The global press corps is no longer hanging out on Cairo's Tahrir Square. The media have moved on. But Egypt's revolutionaries, insurgents who range from doctors to tax collectors, are still making news of significance, even if few outside Egypt seem to be paying much attention.

These Egyptians merit our attention. At a time of global austerity — and ever louder demands for “sacrifice” from low- and moderate-income people — the Egyptian revolution is blazing a new path. Egypt's revolutionaries are demanding sacrifice from the top — via a “maximum wage” — and they've shoved this notion of income limits onto their nation's political center stage.

Indeed, almost every major demonstration in Tahrir Square, ever since earlier this year, has sounded the call for compensation limits.

“How can we talk about social justice,” as former activist parliamentarian Ashraf Badr Eddin asked last month, “without mentioning a maximum wage?”

Egypt's maximum wage drumbeat actually began well before Tahrir Square emerged as a global inspiration. The local labor protests that set Egypt on the road to Tahrir Square, protests that started back in 2004, gave the “maximum wage” notion its first public airing.

“We had a slogan before the revolution,” Kamal Abu Aita, president of the independent Property Tax Collectors Union, explained in an interview this past March, “A maximum wage for those who live in palaces, a minimum wage for those who live in the graveyards.”

This past January, Aita's union joined with other labor groupings to launch a new Egyptian Federation of Independent Unions. Their founding declaration called for “a new fair minimum wage that guarantees decent living for all workers” and a “maximum wage” set at no more than ten times the minimum.

All Egyptians, the new federation's declaration added, have the right to “to a democratic society for all, offering every single citizen a share in its wealth,” a society “that does not allow the few to buy private jets while the rest of the population cannot even afford public transportation.”

Workers around the country would pick up that call. In February, employees at Telecom Egypt blocked streets and sat in at telephone exchange centers. They demanded “an adequate minimum wage” for workers and a “maximum wage” for bosses.

These workers, news reports indicated, were making 600 Egyptian pounds a month, the equivalent of about \$100. Their top bosses at Telecom Egypt were pulling in

250,000 pounds, about \$42,000, or over 400 times worker pay.

Egypt's revolutionary students would also pick up the maximum wage demand and keep sounding the call for it after President Mubarak fell. In April, the Coalition of the Youth of the Revolution demanded a higher minimum wage and a maximum set at 15 times the minimum.

More broadly based Egyptian protest groupings, the Popular Committees for the Defense of the Revolution, would keep up the pressure. In May, this insurgent structure leveled demands that included a minimum wage "no less than 1,500 Egyptian pounds" and a maximum no higher than 15 times the minimum.

On May's last Friday Egyptian protestors would once again jam Tahrir Square, this time with a call for a "second revolution." They sounded five economic demands. First on the list: putting in place "a minimum and maximum limit."

A few days later, Egypt's interim government would finally respond — with a series of economic moves that labor leaders would quickly dismiss as a "joke."

The government's response did raise the public sector minimum wage, but only to 700 pounds, or less than \$120 per month. And government ministers did set a public sector compensation ratio between top and bottom, at 36 to 1. But they left the compensation to be included in that ratio vague and refused to even discuss a maximum for the private sector, "saying the government should not tell businessmen how to spend their money."

"The ministers won't do a maximum wage limit because they know they can't give up their inflated pay checks," responded Saber Barakat, a union leader at Egypt's Delta Steel. "Only then will they recognize that we are living like animals."

So what's next for the Egyptian maximum wage campaign? Activists like Mohamed Shafiq, a Cairo medical doctor involved in physician strikes earlier this spring, are vowing no let-up. They're organizing, Shafiq noted in an interview last month, hospital by hospital.

For the first time, Shafiq enthuses, doctors, nurses, and aides are talking together about how to deal with everything from supply shortages to "corrupt old managers" who've been "taking thousands of Egyptian pounds while we are taking pennies."

These hospital workers are organizing, in effect, to gain control over their economic future, and they consider the introduction of a meaningful income floor — and ceiling — as crucial to creating a just one. And these activists, adds Dr. Shafiq, want this "wage structure not only for doctors and nurses and health care providers but for all the workers of Egypt."

If these activists get what they seek, or even come close, all the workers of the world — not to mention their employers — will surely take notice.

BCFEAKJL

First, Michigan Guts Democracy. Now Aims for Workers' Paychecks

by Tula Connell, Jul 6, 2011

It's not enough that Michigan's Republican Gov. Rick Snyder took away basic democratic rights of cities and towns by imposing a "financial martial law" that can virtually abolish a local government in favor of an unelected Snyder appointee.

Now, extremists in the state are pushing for passage of a so-called right to work law that would limit the ability of the workers to maintain or attain the middle class. A new study by University of Michigan research scientist Roland Zullo illustrates how such a law would be bad economics for working families. Despite supporters' claims, "right to work" (RTW) is a misnomer—it has nothing to do with the right of a person to seek and accept gainful employment," writes Zullo. Further, the law would not fix Michigan's economic woes.

Like Michigan, nearly every state in the union has lost manufacturing jobs over the last six to eight years... Our economic problems in Michigan are due primarily to the woes in the auto industry, which RTW would not fix. When making location decisions businesses rate factors such as the quality of the regional workforce, the regulatory environment, and tax incentives before ever considering RTW laws.

Further, by limiting membership in unions, the law would cut unions' ability to act as a bargaining agent for workers.

Unions use their collective power to gain a more equitable share from production, and also to negotiate rules that improve the level of justice at work. Under RTW laws, existing unions would direct resources

toward internal member mobilizing in an effort to retain this role.

A second recognized role for labor is in the political system. Labor unions have a long history of pursuing legislation that benefits all wage-earners: higher minimum wage laws, universal health care, health and safety protections, to name a few. Union's leverage to achieve gains in these areas is directly related to their ability to mobilize support during the political cycle. As such, unions operate telephone banks, engage in member education, and canvass communities to inform their members and the public to get out the vote. Under RTW laws we can expect resources for these activities to diminish, resulting in lower voter turnout among the working class and a political system that is less responsive to Michigan's non-rich.

A system less responsive to "Michigan's non-rich" means more response to the very wealthy. And that's what right to work for less laws are all about.

Your AFL-CIO **CBNMIECB**

Raffle Tickets Available

Raffle tickets are now available for USW Local 850's Political Action Committee (in Kewaskum) for \$2 each, 6 for \$10.

Grand Prize - \$5000

Two (2) First Prizes - \$1000

Three (3) Second Prizes - \$500

Ten (10) Third Prizes - \$100

Ten (10) Fourth Prizes - \$50

The drawing will be held December 2nd, 2011 in Madison. You need not be present to win. Please contact your Union officials to find out how to get tickets.

The "UNITY NEWS" is published monthly prior to our Membership meeting. To submit an article, E-mail to Andy Voelzke or give to your steward. Next deadline date: Weds, Aug 10th

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